



SERVICE AGREEMENT

THIS SERVICE AGREEMENT ("Agreement") is entered into this first day of March, 2011 by and between Preferred Governmental Claim Solutions Inc. hereinafter referred to as "PGCS," and the City of Leesburg, hereinafter referred to as COL

I. RECITALS

- A. COL wishes to retain the services of PGCS to provide the claims management services for its workers' compensation risks and desires to have PGCS provide specific services in connection with such claims programs.
- B. PGCS is willing to provide such services on the terms and conditions hereinafter stated.

II. TERM

This Agreement shall be effective for a period of one (1) year from March 1, 2011 through February 29, 2012 and shall remain in full force and effect except as amended or terminated as hereinafter provided.

III. CANCELLATION

Either party shall have the right to terminate the Agreement by giving to the other party written notice of such termination at least thirty (30) days in advance. COL failure to pay the PGCS service fee as provided in Article IV, Section B of this Agreement shall be construed as a breach of the Agreement and in such an event, PGCS shall have the right to terminate the Agreement by giving thirty (30) days written notice of its intention to terminate. Upon termination of this Agreement, neither party shall have any further responsibility nor obligation hereunder except as provided in Article IV, Section D of this Agreement.

IV. AGREEMENT

A. General Terms:

PGCS agrees to perform claims administration of the workers compensation claims of COL. Such claims administration shall be performed in accordance with the industry standards applicable to the services to include:

1. With regard to claims administration, PGCS shall:

- a) Review all claim and loss reports submitted by COL to PGCS during the term of this Agreement and process each submitted claim or loss report in accordance with administrative notification requirements as established under Florida Statutes, Ch. 440. Managed Care will be performed in conjunction with Amerisys and according to the Florida Statutes, Ch. 440.
- b) Conduct an investigation of each reported claim or loss, including investigation into the compensability of each reported workers' compensation claim or loss and conduct such other reasonable investigations as necessary to protect COL from waiving any defenses available under the workers' compensation statute.
- c) Maintain a file for each qualified claim or loss, which shall be available for review by COL at any reasonable time.
- d) Adjust, settle or resist all qualifying claims or losses arising there from within the stated discretionary settlement authority limit. With specific prior approval of COL, adjust, settle or resist all other qualifying claims and losses resulting there from in excess of the discretionary settlement authority limit.
- e) Perform reasonable and necessary administrative and clerical work in connection with each qualified claim or loss, including the preparation of checks or vouchers, compromises, releases, agreements and any other documents prepared by appropriate legal counsel necessary to finalize a claim.
- f) Recommend claims reserves and provide a continuous review and updating of same to reflect any changes.
- g) Assist COL in arranging a loss and expense payment account as set out in Article IV, Section B, Paragraph 2, below.
- h) Notify COL representative and/or excess insurers, as determined by COL, of all qualified claims or losses with respect to which potential losses may exceed TOPB retention and, if requested, provide such parties with necessary information on the current status of those claims or losses.
- i) Coordinate investigations on litigated claims by COL preferred worker's compensation counsel, COL and with adjusters and attorneys of the excess insurance carrier as required. This includes negotiation of settlements and preparation of subrogation and contribution actions. It is expressly understood by the parties to this Agreement that all legal costs and loss payments will be charged to COL loss fund. COL accepts all liability associated with the selections, use and actions of non-PGIT approved panel counsel.

- j) All claims that equal or exceed fifty percent (50%) of COL self insured retention level will be reviewed by PGCS staff at no additional cost to COL.
 - k) PGCS will furnish to COL a standard set of claim loss and information reports showing detail and summary loss information no later than 30 working days following the close of the month. Additional optional information and analysis reports and services will be provided on a time and expense basis, as mutually agreed upon by PGCS and COL.
 - l) Provide narrative or analytical reports of major or litigated claims, if requested by COL.
 - m) Provide claim forms and other forms required by the State of Florida that are appropriate for the efficient administration of COL program.
 - n) Investigate and pursue all subrogation possibilities on behalf of COL in all states permitting subrogation. Funds received from all subrogation collections shall be considered revenue of COL.
 - o) Provide all personnel necessary to effectively perform the services agreed to herein.
 - p) PGCS will provide copies of certificates of insurance for services provided to COL and any appropriate bonds.
2. PGCS shall perform medical control and management of workers compensation claims of COL employees. Such medical control and management shall be performed in accordance with the industry standard applicable to the services. These services shall include:
- a) Jointly and in consultation with COL and subject to the approval of COL, arranging for independent medical evaluations or other experts to the extent deemed necessary by PGCS in connection with processing any qualified claim or loss.
 - b) Assisting COL in the selection of a panel of physicians or other providers of health care to initially treat employees and a panel of medical specialist to provide long-term or specialty care. COL will have final approval of any medical doctors placed into the managed care network. In order to facilitate timely continuation of ongoing medical treatment, PGCS will utilize services of COL for all referrals to and/or the selection of medical facilities and specialists.
 - c) Consulting with COL in order to develop ways of using any medical facility more effectively.
 - d) Monitoring the treatment programs recommended for employees by physicians, specialists and other health care providers by reviewing all medical reports so prepared and by maintaining such contact with these providers as may be appropriate.
 - e) As COL directs, assisting in interpreting medical reports to consider the circumstances under which an injured employee who desires to do so could return to work in the shortest period of time.
 - f) Assisting COL in arranging for rehabilitation or retraining of employees in appropriate cases. Charges for these programs shall be considered allocated expenses and charged to COL.

3. Regarding Program Development, PGCS shall, to the extent appropriate:

- a) Consult with key personnel of COL on the establishment and coordination of necessary procedures and practices to meet any applicable state requirements and the needs of COL.
- b) Participate in the orientation of COL personnel who are directly or indirectly involved in the processing of qualified claims or losses.
- c) Review the development of COL program periodically with representatives of COL in order to identify problems and recommend corrective action.

B. Obligations of the:

- 1. COL shall pay PGCS for services rendered herein the sum as outlined in **Attachment "A."** This will be prorated and invoiced by PGCS on a monthly basis with payment to be tendered within 30 (thirty) days of receipt.
- 2. COL shall, at all times, provide funds adequate for the payment of qualified claims or losses and of allocated loss expenses. For this purpose, allocated loss expenses shall mean all costs, charges or expenses of third parties incurred by PGCS, its agents or its employees, which are properly chargeable to a qualified claim or loss including, without limitation, court costs, fees and expenses of attorneys, independent investigators, experts and witnesses, and fees for obtaining diagrams, reports, documents and photographs.
- 3. COL will establish procedures to make timely payments of loss and expense vouchers submitted by PGCS during the course of their claims management program.
- 4. It is expressly understood that PGCS shall not be required to advance its own funds to pay losses, allocated loss expenses or banking charges hereunder, or to perform any services hereunder if COL fails to provide adequate funds as herein set forth.
- 5. All additional expenses to PGCS from over-nighting checks to COL for signature shall be COL responsibility and COL is responsible for any interest, penalties and late fees that may be incurred as a result of COL failure to timely mail signed checks.

C. Discretionary Disbursement Authority Limit:

The limit on any discretionary payment by PGCS for a qualified claim or loss, or for allocated loss expenses, as the case may be, shall be Zero (0.00) dollars.

D. Terms of Agreement and Cancellation:

1. All claims still open upon termination or cancellation of this Agreement will require one of the following to occur:
 - a. All open claims will be handled on a pre-agreed annual fee per claim; or
 - b. All open claims will be handled on a time and expense basis at the then current prevailing rates; or
 - c. All claims will be returned to COL at COL expense.

PGCS and COL will mutually agree on which option is chosen. In the event a mutually acceptable agreement cannot be reached prior to the effective date of termination, option "c," listed above, will apply upon contract termination.

PGCS will treat as confidential all data furnished by COL or generated as a result of the processing services performed under this Agreement and any other information so designated in writing by COL. PGCS will take all necessary and appropriate measures, in accordance with the highest possible standards, to safeguard all confidential data and will comply with all state and federal laws concerned with confidentiality of records.

E. Practice of Law:

It is understood and agreed that PGCS will not perform, and COL will not request performance of any services that may constitute the unauthorized practice of law.

F. Indemnification:

PGCS agrees to indemnify and hold COL harmless from any and all costs, claims demands, liabilities and damages (including attorney fees) arising out of or caused by:

- 1) Any breach by PGCS of this Agreements terms; or
- 2) The negligence or misconduct of PGCS, its employees, authorized representatives, or any adjuster in processing, investigating and /or paying claims; or
- 3) The fraudulent conduct or embezzlement or any other defalcation or negligence attributable to PGCS, its officers, employees, authorized representatives or any adjuster; or
- 4) The failure of PGCS to comply with the claims paying standards imposed by COL.

PGCS agrees to pay all fines, penalties, or other assessments imposed against COL by any Governmental entity for any misconduct or negligence of PGCS, its employees or representatives which was not authorized, directed or caused by COL or caused by PGCS in fulfilling its obligations under this contract.

COL agrees to indemnify PGCS against all claims, demands, proceedings, actions, damages, costs and expenses that PGCS may be subjected as a consequence of properly fulfilling its obligations under this Agreement, or as directed by COL.

COL agrees to indemnify and hold PGCS harmless from any and all costs, claims demands, liabilities and damages (including attorneys' fees) arising out of or caused by any breach of this Agreement's terms by COL or the negligence or misconduct of COL, its employees, authorized representatives, in processing, investigating and/or paying claims.

G. Notices:

Any notice required to be given under this Agreement shall be sent by certified mail to the following in the case of PGCS:

Mr. Kenneth Picton
Preferred Governmental Claim Solutions
P.O. Box 958456
Lake Mary, Florida 32795-8456

and to the following in the case of City of Leesburg:

Client Representative Name and Address

H. Entire Agreement and Modification or Amendment:

This Agreement represents the entire and exclusive statement of the Agreement of the parties and, except as otherwise provided in Article IV, Section C, may be modified or amended only by a written statement signed by both parties. Such modification or amendment shall be attached to, and shall thereupon become a part of this Agreement.

I. Headings:

Headings herein are for convenience of reference only and shall not be considered in any interpretation of this Agreement.

J. Independent Contractor:

It is understood and agreed that PGCS is engaged to perform services under this Agreement as an independent contractor and not as an agent of COL. The parties hereto agreed that neither party has any relationship with, or contractual liability to the other with respect to the subject matter of this Agreement, other than as set forth herein.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the day and date first above written.

PREFERRED GOVERNMENTAL CLAIM SOLUTIONS

By:  Date: 2-3-11
Kenneth Picton Vice President

By: _____ Date: _____
Bill Polk, Mayor

ATTEST:

By: _____ Date: _____
Betty M. Richardson, City Clerk



CITY OF LEESBURG THIRD PARTY CLAIMS ADMINISTRATION

Attachment "A"

WORKERS' COMPENSATION

New Claims – Three Year Guaranteed Rate

Preferred Governmental Claim Solutions, (PGCS) will perform Third Party Claims Administration services for The City of Leesburg for the period March 1, 2011 through February 29, 2012. The agreement may be renewed in writing for two (2) additional one (1) year periods at the same rate. PGCS will provide one full time designated lost time adjuster with open case load maximum of 130 files and one full time designated medical only adjuster with open case load maximum of 350 files. Pricing is based on life of contract and services are invoiced on a monthly basis.

Indemnity & Medical Only Blended Per Claim Rate \$350

Existing Claims

Preferred Governmental Claim Solutions (PGCS) will take over the handling of Lost Time claims and Medical Only claims at no cost. There will be no charge for data conversion.

Administrative Fee

In addition to the per claim pricing, the following services are provided for an annual fee of \$7200, invoiced on a monthly basis. Services include:

- Account Administrative Services
- Data Processing, Loss Runs and AdHoc Reports
- Record Only Claims Logged into RiskMaster
- Web-Based Claim System Access
- MMSEA Section 111, State of Florida EDI, and Excess Reporting
- Experience Modification Evaluation
- Quarterly Claim Reviews

Subrogation is handled for a flat fee of 15% of net recovery.

Managed Care Pricing

Please refer to the AmeriSys pricing grid for a cost itemization of managed care services.

ALLOCATED LOSS ADJUSTMENT EXPENSE

The following are not included in the service fees:

- 1. fees to attorneys for "claims" in suit and for representation at hearings or pretrial conferences; and**
- 2. fees to court reporters; and**
- 3. all court costs, court fees and court expenses; and**
- 4. pre- and post- judgment interest paid as a result of litigation; and**
- 5. fees for service of process; and**
- 6. costs of undercover operative, surveillance and detective services; and**
- 7. costs for employing experts for the preparation of maps, professional photographs, accountings, chemical or physical analysis, diagrams; and**
- 8. costs for employing experts for their advice, opinions or testimony concerning "claims" under investigation or in litigation or for which a declaratory judgment is sought; and**
- 9. costs for independent medical examination, autopsy and/or evaluation for rehabilitation to determine the extent of our liability; and**
- 10. costs of automobile damage appraisals; and**
- 11. costs of legal transcripts of testimony taken at coroner's inquests, criminal or civil proceedings; and**
- 12. costs for copies of any public records and/ or medical records; and**
- 13. costs of depositions and court reported statements; and**
- 14. costs and expenses of subrogation when referred to outside attorneys; and**
- 15. costs of engineers, handwriting experts and/or other type of expert used in the preparation of litigation and/or used on a one time basis to resolve disputes; and**
- 16. fees of appraisers used to establish the amount of damage from a covered loss; and**
- 17. any other similar cost, fee or expense reasonably and customarily chargeable to the direct investigation, negotiation, settlement or defense of a "claim" or loss or to the protection or perfection of our subrogation rights and/or the rights of the first named insured on "policy(ies); and**
- 18. cost of attendance at administrative hearings.**

Price Grid for AmeriSys

Pricing	Fee for Service	Per Claim
Telephonic CM – Lost Time	\$75.00/hr	\$320.00◇
Telephonic CM Med Only	\$75.00/hr	95.00◇
PPO Channeling	\$75.00/hr	**◇
Pre-Certification ##	\$75.00/hr Or \$115.00 per occurrence	\$75.00/hr Or \$115.00 per occurrence
Concurrent Review	\$75.00/hr	**◇
Grievance Handling	\$75.00/hr	**◇
QA	\$75.00/hr	**◇
Utilization Review	\$75.00/hr	\$75.00/hr
Peer Review ##	\$75.00/hr	\$75.00/hr
Medical Director/Physician Advisor Services	\$275.00 - \$325.00 hr	\$275.00 - \$325.00/ hr
Medical Bill Review ***	\$5.25 per bill Or \$1.35 per line with a 3 line minimum	\$5.25 per bill Or \$1.35 per line with a 3 line minimum
Pharmacy Benefit Program	**	**
EDI/Included in Medical Bill Review Price	**	**
Network Access & Repricing	28% of contracted savings.	\$26.25 per claim or annual pricing or percentage of savings

◇ Denotes reverts to Fee for Service Pricing after 60 days

** Denotes included in pricing

Denotes Physician Advisor Fees not included

Field Case Management Services

Ancillary Services	Fee for Services
Catastrophic Case Management	\$85.00 hr*
Reemployment Assessments	\$79.00 hr*
On-site/Field Case Management	\$79.00 hr*
Vocational Services	\$79.00 hr*
Forensic Medical of Vocational Services	\$125.00 hr*
Medical Care Cost Projections	\$79.00 hr*
Computerized Transferable Skills Analysis (TSA)	\$79.00 hr*
Labor Market Survey	\$79.00 hr*
Ergonomic Job Analysis	\$79.00 hr*
Life Care Plan	\$125.00 hr*
Forensic Medical of Vocational Services	\$125.00 hr*
All other services will be billed at our standard rate of	\$75.00-\$125.00/hour

*Plus \$.44/mile and misc. costs